Supreme Court, U.S.
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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

BATJAC PRODUCTIONS, INC.,
a California corporation,
Petitioner,

vs.

GOODTIMES HOME VIDEO CORPORATION,
a Delaware corporation; and
MARYBETH PETERS, REGISTER OF COPYRIGHTS,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

A. Whether, under the Copyright Act of 1909, publication of a derivative work motion picture also serves to "publish" a written, unpublished screenplay and thereby divests the underlying screenplay of its common-law copyright protection, replacing it with the derivative work's statutory copyright.

B. Whether statutory copyright protection for a derivative work motion picture extends to cover more than just the new matter added, but instead also covers pre-existing material present in the underlying work.

LIST OF PARTIES TO THE PROCEEDING

The parties to the proceeding below were the petitioner Batjac Productions, Inc. ("Batjac") and respondents GoodTimes Home Video Corp. ("GoodTimes") and Marybeth Peters, Register of Copyrights ("the Register"). Petitioner Batjac has no parent companies, no partially-owned subsidiaries and no affiliates. To the best of petitioner Batjac's knowledge, neither GoodTimes nor the Register has any parent companies, partially-owned subsidiaries or affiliates.

Because the Register of Copyrights is a party to this action and is being served with this Petition, petitioner has served the Solicitor General of the United States, pursuant to Supreme Court Rule 29.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Batjac Productions, Inc., respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit, entered in the above proceeding on November 5, 1998.

I. OPINIONS BELOW

The opinion of the Court of Appeals for the Ninth Circuit is reported at 160 F.3d 1223, and is reprinted in the Appendix hereto, *infra,* at A1-A27.

The opinion of the United States District Court for the Central District of California dismissing petitioner's complaint upon the granting of respondents' motions for summary judgment is reported at 946 F.Supp. 1416, and is reprinted in the Appendix hereto, *infra*, at B1-B30.

II. JURISDICTION

Invoking federal jurisdiction under 28 U.S.C. § 1331 and 1338, and 17 U.S.C. § 101 *et seq.*, Petitioner brought suit against Respondent GoodTimes Home Video Corp. ("GoodTimes") in the United States District Court for the Southern District of New York. That suit was subsequently consolidated with a related case, *Maljack Productions, Inc. v. UAV Corporation*, (USDC Case No. 96-0749 DDP (VAPx)), and transferred to the United States District Court for the Central District of California. The Register intervened pursuant to 17 U.S.C. § 411(a).[1] On May 21, 1997, the District Court granted GoodTimes' and the Register's motions for summary judgment on the issue of the

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[1] 17 U.S.C. § 411(a) states in relevant part:
"The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, . . ."

registrability of the screenplays at issue. Petitioner appealed the District Court's order to the United States Court of Appeals for the Ninth Circuit, pursuant to 28 U.S.C. § 1291.

On November 5, 1998, the Ninth Circuit issued its opinion and judgment affirming the District Court's order granting respondents' motions for summary judgment. The certiorari jurisdiction of this Court to review the judgment of the Ninth Circuit is invoked under 28 U.S.C. § 1254(1).

III. STATUTORY PROVISIONS INVOLVED

The pertinent text of the following statutory provision is set forth in Appendix C:

Section 7 of the Copyright Act of 1909, 17 U.S.C. § 7.

IV. INTRODUCTION

Under the Copyright Act of 1909, 17 U.S.C. § 1 *et seq.* (repealed effective 1978) ("1909 Act"), there was a dual system of copyright protection. State common-law governed the copyright protection for unpublished works, while federal statutory copyright applied to published works. *See* App., *infra*, B7. Prior to 1978, common-law copyright protection was perpetual. *Id.*, at B11. Once a work was published, it lost its common-law protection and was governed by the federal statutory scheme. *Id.*, at B8.

Statutory copyright protection under the 1909 Act was divided into two 28-year terms. 17 U.S.C. §§ 24, 25 (1909). The first 28-year term was secured upon publication in compliance with certain required formalities. *Id.*; 2 *M. Nimmer and D. Nimmer, Nimmer on Copyright*, §7.04 at 7-27

(1997).[2] The second, "renewal" term was secured by filing a proper renewal registration. *Id.*

On January 1, 1978, the 1909 Act was prospectively replaced by the Copyright Act of 1976 ("1976 Act"). The 1976 Act abolished the dual statutory/common-law copyright system and replaced it with "a single system of Federal statutory copyright from creation" as soon as the work was "'fixed in a copy or phonorecord for the first time.'" H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. ("House Rep.") at 129, *quoting* 17 U.S.C. § 101.

In enacting the 1976 Act, Congress "converted" existing common-law copyrights to federal statutory copyrights. Thus, all works protected by perpetual common-law copyright as of January 1, 1978 were, as a matter of law, on that date granted limited-term federal statutory copyright. *See* 17 U.S.C. § 303 (1976 Act).

The basic question involved in this suit is whether, under the 1909 Act, publication of a derivative work motion picture also serves to "publish" a written, unpublished screenplay thereby replacing the screenplay's common-law copyright protection with the derivative work's statutory copyright. To answer this question, it is necessary to determine whether Section 7 of the 1909 Act, which protects copyrights in underlying works from destruction as a result of the publication of derivative works, applies where the underlying work is protected by common-law, rather than statutory copyright.

In the decision below, the Ninth Circuit held that Section 7 applies only to statutory copyrights. Publication of a derivative work, held the Ninth Circuit, divests the underlying work of its common-law copyright and secures for

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[2] Such formalities included, for example, affixing copyright notice in the proper form and place, *see* App., *infra*, B8; 17 U.S.C. §§ 10, 19 (1909), and for a time, domestic manufacture requirements. 17 U.S.C. § 16 (1909).

the underlying work the protection of the derivative work's statutory copyright. Thus, if the derivative copyright lapses because it is not renewed, the underlying work falls into the public domain along with the derivative work.

As set forth below, the decision below should be reviewed and reversed by this Court for several important reasons:

1. the decision below conflicts with the express language of Section 7 of the 1909 Act;
2. the decision below flies in the face of the long-standing principle that copyright in a derivative work covers only the new matter added, and not the material derived from the underlying work,
3. the decision below conflicts with the principle that performance of a work does not constitute publication of that work; and
4. the decision below conflicts with this Court's interpretation of Section 7 in *Stewart v. Abend*, 495 U.S. 207 (1990), and with several lower court opinions following *Abend*.

V. STATEMENT OF THE CASE

Petitioner Batjac Productions, Inc. ("Batjac") is a motion picture production company founded by actor John Wayne. It has always been a family-owned and operated company and is currently managed by John Wayne's son and the producer of the Motion Picture, Michael Wayne.

In 1962, James Edward Grant ("Grant") wrote an original screenplay entitled "McLintock!" (the "Screenplay") and assigned all rights in his unpublished Screenplay to Batjac. The written Screenplay was never published, and no federal copyright registration was obtained for it.

In 1963, Batjac produced a feature film based on the Screenplay, starring John Wayne and Maureen O'Hara ("the Motion Picture"). In 1963 the Motion Picture was registered for federal statutory copyright, and on November 1, 1963, was theatrically released to the general public. This Motion Picture copyright was eligible for renewal in 1991. However, due to an oversight, no renewal registration was secured for the Motion Picture and, in 1991, those elements of the Motion Picture covered by the statutory copyright fell into the public domain.

GoodTimes is in the business of manufacturing and selling home videotapes of films. In 1993, GoodTimes began manufacturing and selling videotapes of the Motion Picture on a commercial scale without Batjac's permission.

Pursuant to 17 U.S.C. § 411(a), in anticipation of filing the action below against GoodTimes, in January 1996 Batjac applied for federal copyright registration for the unpublished Screenplay.[3] The Copyright Office refused the application.

On February 23, 1996, Batjac commenced this action for copyright infringement of the Screenplay. Batjac's complaint alleged that GoodTimes' video copies of the Motion Picture infringed Batjac's common-law copyright in the Screenplay.

The Register intervened in the case pursuant to 17 U.S.C. § 411(a). In February and March of 1997, all parties moved for summary judgment on all claims. The District Court granted GoodTimes' and the Register's motions for

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[3] 17 U.S.C. § 411 (a) states in pertinent part: " . . . no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title. . . ." or registration has been refused.

summary judgment.[4] The cornerstone of the District Court's opinion was its holding that the Screenplay was "published" by operation of law when the Motion Picture was released and thereby acquired statutory copyright in place of its common-law copyright. App., *infra*, B20. The District Court held that "[w]hen Batjac failed to renew the motion picture copyright in 1991, all portions of the work covered by the Motion Picture copyright [including the Screenplay] entered the public domain." *Id.*

Batjac appealed from the judgment of the District Court. On November 5, 1998, the Ninth Circuit issued its opinion affirming the District Court's judgment.

The cornerstone of the Ninth Circuit's opinion was its holding that Section 7 applies only to pre-existing works protected by federal statutory copyright, and not those protected by common-law copyright. App., *infra*, A16. Having concluded that Section 7 did not protect the Screenplay, the Ninth Circuit held that publication of the Motion Picture also published the screenplay to the extent the Screenplay was incorporated in the Motion Picture. *Id.*, at A16-A17.

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[4] The District Court also ruled on summary judgment motions raised by the parties to the *Maljack v. UAV* portion of the consolidated case. The portion of the District Court's opinion discussing the *Maljack v. UAV* motions was not part of the Ninth Circuit appeal below and is therefore not a part of this Petition.

VI. REASONS WHY CERTIORARI SHOULD BE GRANTED

A. The Decision Below Directly Conflicts With Section 7 Of The Copyright Act Of 1909, Which Protects The Copyright Of Pre-Existing Works From Destruction By Publication Of Derivative Works.

Section 7 of the 1909 Act resolves the central issue raised in this case: does publication of a derivative work have the legal effect of publishing the underlying work on which it is based – even where the underlying work itself has never seen the light of day? According to the express language of Section 7, the answer is plainly "no."

This Court should grant certiorari to resolve the question whether Section 7 protects the copyright of underlying works from destruction by publication of a derivative work where the underlying work is protected by common-law, as opposed to statutory copyright.

Section 7 states, in pertinent part:

> Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works . . . shall be regarded as new works subject to copyright under the provisions of this title; but *the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof*, or be construed to imply an exclusive right to such use of the original works, *or to secure or*

> *extend copyright in such original works.* (emphasis added).[5]

The Ninth Circuit's conclusion that the publication of the Motion Picture also published the Screenplay, and replaced the Screenplay's existing common-law copyright with the new Motion Picture statutory copyright, is directly contrary to the express language of section 7: "*[T]he publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or be construed . . . to secure . . . copyright in such original work.*" (emphasis added). Publication of the Motion Picture could neither destroy the common-law copyright nor "secure" statutory copyright for the pre-existing Screenplay. Because the Screenplay did not secure statutory protection in 1963 via publication of the Motion Picture, it *could not* have lost statutory protection in 1991.

Recognizing the unmistakable meaning of Section 7, the Ninth Circuit concluded that Section 7 simply does not apply where the underlying work is protected by common-law

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[5] Although this case does not arise under the 1976 Act, Section 103(b) of the 1976 Act carries forward the prior law's precept. The House Report on the new act, accordingly, states:

> Section 103(b) is also intended to define, more sharply and clearly than does Section 7 of the present law, the important interrelationship and correlation between protection of preexisting and of 'new' material in a particular work. *The most important point here is one that is commonly misunderstood today: copyright in a 'new version'* covers only the material added by the later author, and *has no effect one way or the other on the copyright or public domain status of the preexisting material.*

House Rep., p. 57 (emphasis added). *Accord Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 488-89 (2d Cir. 1977) (Friendly, J.) (setting forth the pertinent legislative history of Section 7 of the 1909 Act and noting that "[t]he . . . objective was that nothing done by the proprietor of the derivative copyright should impair the underlying copyright"), *cert. denied*, 431 U.S. 949.

as opposed to statutory copyright. The Ninth Circuit agreed with Batjac that "the term 'copyright' included both statutory and common-law protection in the lexicon of both courts and treatise writers circa 1909." App., *infra*, A11. Nonetheless, the court went on to conclude that, in drafting the 1909 Act, Congress chose to use the term "copyright" more narrowly, to mean only statutory copyright. *Id.*, at A13. Petitioner respectfully submits that this narrow view of the meaning of the term "copyright" as used in Section 7 is unsupported by the language of the 1909 Act and, in fact, directly contradicts this Court's interpretation of Section 7 in *Abend*.

"It is . . . well established that '[w]here Congress uses terms that have accumulated settled meaning under . . . the common-law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of those terms.'" *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 739 (1989) (citation omitted); *Commissioner v. Keystone Consol. Industries*, 508 U.S. 152, 159 (1993) (Congress is presumptively aware of the settled interpretation of terms and phrases included in a statute.).

Section 7 refers to "any subsisting copyright," not "any subsisting *statutory* copyright." To limit this broad language to only statutory copyrights violates a basic rule of statutory construction: the courts do not have the power "to read into the statute words not explicitly inserted by Congress." *Stanton Road Associates v. Lohrey Enterprises*, 984 F.2d 1015, 1020 (9th Cir. 1993); *People of State of California v. FCC*, 905 F.2d 1217, 1242 (9th Cir. 1990).

While some provisions of the 1909 Act do use the term "copyright" in the narrow sense to mean only statutory copyright, those provisions generally make this narrow use of the term clear by employing limiting language such as "copyright provided by this title" (*see, e.g.*, 17 U.S.C. §§ 1, 3, 4, 5, 9, 10, 24, 28, 101, 104, 207 (1909)), or by making the limitation patently obvious from the context. *See, e.g.*, 17

U.S.C. § 6 (1909) (pertaining to *registration* of claims to copyright); § 13 (copyright "secured by publication of the work with notice"); § 19 (prescribing the form of notice required in § 10); § 25 (referring to "subsisting copyrights originally registered in the Patent Office . . . under section 3 of the Act of June 18, 1874").

That the word "copyright" is sometimes qualified in the 1909 Act to refer only to statutory copyright hardly means that every use of the word in the Act refers *only* to statutory copyright. In fact, the inference is just the opposite: where the term "copyright" is not so qualified, either expressly or impliedly, it must apply to all forms of copyright, particularly when Congress used the broadening prefatory phrase "*any* subsisting" copyright.

B. The Decision Below Disregards And Directly Conflicts With This Court's Interpretation Of Section 7 Of The 1909 Act In *Stewart v. Abend.*

Unambiguous language in this Court's *Stewart v. Abend* opinion answers in Batjac's favor the question posed by this case. *Abend* states in relevant part:

> The dissent attempts to undercut the plain meaning of § 7 by looking to its legislative history and the substitution of the term 'publication' for 'copyright' in the force or validity clause. According to the dissent, that particular alteration in the proposed bill 'made clear that it was the publication of the derivative work, not the copyright itself, that was not to affect the force or validity of any subsisting copyright.' [quoting dissent] . . . [However,] the language change was suggested only to ensure that *the publication of a*

> *'new compiled work' without proper notice, including smaller portions that had not been previously published and separately copyrighted, would not result in those sections moving into the public domain . . .*

495 U.S. at 233 (emphasis added).[6]

Adding further force to this conclusion, the majority repeatedly observed that the "plain meaning" and "plain language" of section 7 were to ensure that "the copyright in the 'matter employed' – the preexisting work incorporated into the derivative work [7] – is not abrogated by publication of the new work." *Abend*, 495 U.S. at 231, 232, 233, 235.

The Ninth Circuit dismissed this passage from *Abend* as *dicta*, and asserted that the *Abend* majority essentially made a "mistake":

> For support of its position, the [*Abend*] majority referenced the legislative history of the revision and cited to a law review note. Paraphrasing the note, [fn] the Court inserted the

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[6] In *Abend*, the author of a short story assigned to a film production company the right to make motion pictures based on his short story. 495 U.S. at 211-212. The author also agreed to renew the statutory copyright obtained for the short story. *Id.* In 1954, the Alfred Hitchcock film "Rear Window," based on the short story, was released. *Id.* at 212. The author died in 1968 before he could renew the short story copyright as he had promised. *Id.* The author's heirs assigned the copyright renewal term in the short story to Abend. *Id.* Abend sued the owners of the film alleging that the re-release of the film infringed his copyright in the short story because the film owners' right to use the short story during the renewal term lapsed when the author died before he could obtain the renewal registration. 495 U.S. at 213. The United States Supreme Court agreed with Abend. In reaching its conclusion, the Supreme Court focused at length on the plain meaning and legislative history of Section 7.

[7] As the Ninth Circuit recognized, this Court "used the terms 'new works' and 'derivative works' interchangeably in discussing the 1909 Act." App., *infra*, A8-A9, n.6, *citing Abend*, 495 U.S. at 230-231.

> language 'including smaller portions that had not been previously published and separately copyrighted,' [citation omitted] even though that language was neither supported by Hale's testimony to Congress [citation omitted], nor by any cited authority in the law review note.

App., *infra*, A19.

To the contrary, the passage from *Abend* means just what it says: publication of a new work, including smaller portions that *had not been previously published*, would not result in *those sections* (*i.e.* the sections *not* previously published) moving into the public domain. *Abend*, 495 U.S. at 233. In our justice system, it is highly improper for lower courts to simply decline to follow binding Supreme Court precedent, dismissing the Supreme Court's reasoning as a "mistake"!

The *Abend* passage is binding on lower courts. In stating that publication of a new work does not divest an unpublished underlying work of common-law protection, the *Abend* majority was directly considering and rejecting a point made by the dissent.[8] Where the Supreme Court carefully examines an issue in direct response to a point urged by the dissent, its decision with respect to that issue is binding. *United States v. Santana*, 6 F.3d 1, 9 (1st Cir. 1993) (opinion is binding where response to dissent is "of recent vintage" and

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[8] The issue about which the majority and the dissent disagreed was whether Congress' purpose in changing the word "copyright" to "publication" in Section 7 was to clarify that it was publication of the derivative work, not the copyright itself, that was not to "affect the force or validity of any subsisting copyright." *Abend*, 495 U.S. at 249 (Stevens J., dissenting). That point was essential to the dissent's ultimate conclusion that a copyright in a derivative work extends to both the new material and to that "in which copyright is already subsisting." *Id.*, 495 U.S. at 241.

has not been "diluted by any subsequent pronouncement" of the Supreme Court).

The "distinctive earmark" of *dictum* is that it "could have been deleted without seriously impairing the analytical foundations of the holding – [and] being peripheral, may not have received the full and careful consideration of the court that uttered it." *Cajun Electric Power Cooperative, Inc. v. U.S.*, 109 F.3d 248, 256 (5th Cir. 1997), *quoting Sarnoff v. American Home Products Corp.*, 798 F.2d 1075, 1084 (7th Cir. 1986). By definition, if the majority and the dissent express significant disagreement about an issue that causes one side to reach a different conclusion, that issue is not "peripheral." *See In re Thirteen Appeals Arising out of San Juan Dupont Plaza Hotel Fire Litigation*, 56 F.3d 295, 305 (1st Cir. 1995) (where majority discussion is in direct response to a point which the dissent asserted as a reason for its disagreement with the majority's holding, that discussion can "hardly be dismissed as a slip of the pen").

Even if the passage were technically *dictum*, it is nonetheless "[c]arefully considered language of the Supreme Court" which "generally must be treated as authoritative." *Doughty v. Underwriters at Lloyd's, London*, 6 F.3d 856, 861 n.3 (1st Cir. 1993) (citations omitted), *rejected on other grounds*, *Quackenbush v. Allstate Ins. Co.*, 517 U.S. 706 (1996); *see also Local 28 of Sheet Metal Workers Int'l Assn. v. EEOC*, 478 U.S. 421, 490 (1986) ("Although technically dicta, . . . an important part of the Court's rationale for the result that it reache[s] . . . is entitled to greater weight.") (O'Connor, J., concurring); *McCoy v. Massachusetts Institute of Technology*, 950 F.2d 13, 19 (1st Cir. 1991) ("appellate courts are bound by the Supreme Court's considered dicta almost as firmly as by the Court's outright holdings, particularly when . . . a dictum is of recent vintage and not enfeebled by any subsequent statement"), *cert. denied*, 504 U.S. 910 (1992). In short, "dicta from the Supreme Court is not

something to be lightly cast aside." *Peterson v. BMI Refractories*, 124 F.3d 1386, 1392 n.4 (11th Cir. 1997).

Given the intense scrutiny by the *Abend* majority of the language of and principles underlying Section 7, and the care the majority took in crafting its response to the dissent, the Supreme Court's finding about the meaning of Section 7 can hardly be characterized, as the District Court below pronounced, "not the product of in-depth analysis." App., *infra*, B17.

C. The Decision Below Conflicts With Long-Standing Principles Of Copyright Law: Copyright Protection For A Derivative Work Protects Only "New Matter Added", And Performance Of A Work Does Not Constitute Publication Of That Work.

If the Ninth Circuit's interpretation of Section 7 were correct, then Section 7 would have no pertinence whatsoever to the question whether publication of a derivative work "publishes" and secures statutory copyright for an unpublished underlying work, such as the Screenplay, which is neither in the public domain nor protected by statutory copyright. In that case, we would have only general principles of copyright law to guide us in seeking an answer to the question at hand. Whether or not Section 7 applies here, there can be no doubt that the Ninth Circuit's analysis runs afoul of the following fundamental principles of copyright law.

1. A Derivative Copyright Protects Only the New Matter Added.

As this Court recognized in *Abend*, it is a "well established doctrine that a derivative copyright protects *only* the new material contained in the derivative work, *not* the matter derived from the underlying work." *Abend*, 495 U.S. at 223 (emphasis added), *quoting Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980); *see also House Rep. at 57* ("the most important point here is one that is commonly misunderstood today: copyright in a 'new version' covers only the material added by the later author"); *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 1951), *cert. denied*, 342 U.S. 849 (1951) (copyright in derivative work opera did not extend to underlying novel or play); *Cordon Art B.V. v. Walker*, 40 U.S.P.Q.2d (BNA) 1506, 1510-11 (S.D.Cal. 1996) ("while the copyright of underlying works protects original elements incorporated in derivative work, the copyright in a derivative work itself extends to new materials contributed by the author of that work, as distinguished from the preexisting material"). This principle holds true whether or not "the pre-existing work is inseparably intertwined with the derivative work." *Abend*, 495 U.S. at 223.

In *Gilliam v. American Broadcasting Co., Inc.*, 538 F.2d 14 (2d Cir. 1976) the Second Circuit applied this principle to derivative and underlying works similar to those at issue here: "Section 7 limits the copyright protection of the derivative work, as works adapted from previously existing scripts have become known, to the novel additions made to the underlying work. . ." *Gilliam*, 538 F.2d at 20.[9]

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[9] In *Shoptalk, Ltd. v. Concorde-New Horizons*, Nos. 97-9209(L), 97-9251, (1999 U.S.App.LEXIS 1416 (2d Cir., Feb. 3, 1999), the Second Circuit declined to follow its own prior statement, in a footnote in

Likewise, the statutory copyright in the Motion Picture only protected the new matter contained therein. It follows that when that copyright fell into the public domain, *only the new matter contained in the Motion Picture fell into the public domain.* The Screenplay retained whatever copyright status it had prior to the publication of the Motion Picture – in this case, common-law copyright protection.

The Ninth Circuit did not, however, even address this fundamental principle in its opinion. Of course, it could not. The Ninth Circuit's holding is irretrievably inconsistent with this long-standing principle of copyright law. Instead, in support of its holding, the Ninth Circuit reasoned that:

> The McLintock! screenplay was copyrightable and is a component of the motion picture to the extent it was incorporated into one film. As such, it fell into the public domain with one motion picture.

App., *infra*, A25. The Ninth Circuit further reasoned that, as a "component part" of the Motion Picture, the Screenplay was protected by the Motion Picture's statutory copyright pursuant to Section 3 of the 1909 Act. *Id.*

First, a screenplay is not merely a "component part" of a derivative work motion picture. For copyright purposes, the Screenplay and the Motion Picture are *two separate and*

Gilliam, that "the same principles [of §7] with respect to derivative works adapted from material in which there is a statutory copyright also apply to material in which there is a common-law copyright," stating instead that this language in *Gilliam* was *dictum*. *Shoptalk*, 1999 U.S.App.LEXIS at *24-25. Petitioner submits that the *Shoptalk* appellate decision is contrary to U.S. copyright law and policy (*see, discussion, supra, at Section D*), and that the *Gilliam* footnote states the correct view of the law. Nonetheless, the *Shoptalk* decision does not alter the force of the *Gilliam* decision insofar as it applied the principle that a derivative copyright protects only new matter added.

distinct works each of which stand alone.[10] In fact, Congress expressly recognized that an underlying screenplay is itself a separately copyrightable artistic product:

> [A]lthough a novelist, playwright, or song-writer may write a work with the hope or expectation that it will be used in a motion picture, this is clearly a case of *separate or independent authorship* . . . the motion picture is a derivative work within the definition of that term, and . . . copyright in a derivative work is independent of . . . any pre-existing material incorporated in it.

House Rep., 1976 WL 14045 at *181 (emphasis added).

Second, the Ninth Circuit's application of § 3 to the facts of this case flies in the face of the principle that "a derivative copyright protects *only the new material* contained in the derivative work, *not the matter derived from the underlying work*" *Russell*, 612 F.2d at 1128 (emphasis added). A derivative copyright only protects those "components" of the derivative work that are original contributions – i.e., new matter – *not* those that were derived from the underlying work.

By way of example, when a film-maker produces a film based upon a William Shakespeare play, the play is not a "component part" protected by the film's copyright under Section 3. Hence, a copyright secured for the Sir Laurence Olivier film version of *Hamlet* covers only the new elements added to that film. Shakespeare's work itself is not covered by the copyright protection for the Olivier film. Other film-makers, (such as Kenneth Branagh), are free to make later derivative film versions of *Hamlet* and to secure protection

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[10] Indeed, there is even a separate market for screenplays sold in book form in bookstores and catalogued in libraries throughout the world. Screenplays are bought for a variety of reasons, including for use in acting classes and to see the origins of popular films.

for the original touches they add to the work. The underlying work itself – whether Shakespeare's *Hamlet* or the Screenplay at issue here – is *not* a component that is protected by the derivative film copyright pursuant to Section 3.

Finally, the Ninth Circuit's "concern" "about letting 'unpublished' works resurrect copyright protection over derivative works that have already entered the public domain," App., *infra*, A21, betrays a fundamental misunderstanding of copyright law. Since the copyright in a derivative work only protects the new matter in that work, it is only the *new matter* which can fall into the public domain upon failure to renew the derivative copyright. Accordingly, the underlying Screenplay simply cannot "resurrect" protection for that which was never contained in the Screenplay – i.e. the *new matter* added by the Motion Picture.

2. Performance Of A Work Does Not Constitute Publication Of That Work.

The 1976 Act expressly provides that "a public performance or display of a work does not of itself constitute publication." 17 U.S.C. § 101 (definition of "publication"). Prior to the enactment of the 1976 Act, "it was firmly established as a matter of case law that the . . . performance of a literary, dramatic, or musical work does not constitute a publication of that work." 1 *Nimmer* § 4.08 at 4-43; *Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1452 (9th Cir. 1991) ("mere performance or exhibition of an artistic work does not amount to a publication").

As Professor Nimmer noted, "[i]t is difficult to conclude, however, that a performance of a play or other literary or musical work constitutes a 'copy' of such work any more than the act of driving on a highway from Los Angeles

to Chicago could be regarded as a 'copy' of a transcontinental road map." I *Nimmer*, §4.08[B], at 4-47. "As long as the work is not issued to the public in *copies*, it may continue to enjoy . . . protection under the common-law, though disseminated in performances to the widest possible public." William S. Strauss, "Protection of Unpublished Works," ("Strauss") at 10, study no. 29, Copyright Law Revision Studies prepared for Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, 86th Cong. 1st Sess. 1 (1961).

As an audio-visual interpretive *performance* of the Screenplay, the Motion Picture is no more a "copy" of the Screenplay than Professor Nimmer's hypothetical road-trip would be a "copy" of a road map, or a house would be a copy of blueprints on which its construction was based. *See Nucor Corp. v. Tennessee Forging Steel Service, Inc.*, 476 F.2d 386 (8th Cir. 1973), and discussion, *infra* at Section D(3).

D. The Decision Below Conflicts With A Number Of Recent District Court Decisions Holding That Publication Of A Derivative Work Does Not Publish, And Thereby Does Not Invest With Statutory Copyright, An Unpublished Pre-existing Work.

Following *Abend*, several other subordinate courts have agreed that publication of a derivative work does not affect the common-law copyright protection of an underlying work.

Jim Henson Productions, Inc. v. John T. Brady & Assoc., 867 F. Supp. 175, 185 (S.D.N.Y. 1994), addressed the identical issue presented here – whether publication of a derivative work with copyright notice replaces an underlying unpublished work's common-law copyright with statutory copyright protection. The *Jim Henson* court closely examined

the Supreme Court's discussion in *Abend* as to the meaning of Section 7 and concluded that the Supreme Court meant precisely what it said: that the publication of a derivative work can have no effect on the status of the underlying material, whether it is protected by statutory or common-law copyright. Similarly, *Cordon Art*, *supra*, held that publication of derivative art reproductions did not affect common-law copyright protection in underlying drawings and master blocks.[11]

Shoptalk, Ltd. v. Concorde-New Horizons Corp., 897 F.Supp. 144 (S.D.N.Y. 1995), involved the question of the continuing vitality of common-law copyright protection for an unpublished screenplay titled *Little Shop of Horrors*, written in 1959. In 1960, a feature motion picture was produced based upon that screenplay. *Shoptalk*, 897 F.Supp. at 144. The statutory copyright in the motion picture was not renewed, and the motion picture thus passed into the public domain. *Id.* at 145. Plaintiffs in *Shoptalk* argued that the screenplay was published along with the motion picture and that it therefore fell into the public domain along with the motion picture. *Id.* The District Court disagreed, and held that the screenplay was not published along with the motion picture, but enjoyed continued common-law protection until 1978, when it was converted to statutory protection. *Id.* at 147.

On February 3, 1999, the Second Circuit Court of Appeals reversed the District Court's decision in *Shoptalk*. *Shoptalk, Ltd. v. Concorde-New Horizons*, Nos. 97-9209(L),

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[11] Even prior to the Supreme Court decision in *Abend*, numerous courts reached the same conclusion. *See, e.g., Roy Export Co. Establishment Of Vadus v. Columbia Broadcasting System*, 672 F.2d 1095, 1103-04 (2d Cir. 1982), *cert. denied* 495 U.S. 826 (1982); *Hearst Corp. v. Shopping Center Network, Inc.*, 307 F. Supp. 551, 556-57 (S.D.N.Y. 1969); *Brecht v. Bentley*, 185 F. Supp. 890, 894 (S.D.N.Y. 1960); *De Mille Co. v. Casey*, 121 Misc. 78, 201 N.Y.S. 20, 27-28 (Sup. Ct. N.Y. Co. 1923).

97-9251, 1999 U.S.App.LEXIS 1416 (2d Cir., Feb. 3, 1999). For all the same reasons that the Ninth Circuit's decision below should be reviewed and reversed by this Court, the Second Circuit's decision in *Shoptalk* is contrary to U.S. copyright law and policy. In particular, the Second Circuit's conclusion that "the publication of the Motion Picture in 1960 published so much of the Screenplay as was disclosed in the Film," *Id.*, 1999 U.S.App.LEXIS at *23, is irreconcilable with the fundamental principle that a derivative copyright protects only the new matter added and that performance of a work does not constitute publication of that work. (*See* discussion at Section C.2., *supra*). As with the Ninth Circuit below, the Second Circuit's opinion did not even address these fundamental principles. Also like the Ninth Circuit below, the Second Circuit in *Shoptalk* simply dismissed, with no discussion whatsoever, this Court's well-reasoned statement in *Abend* discussing the "plain meaning" of Section 7.

The Ninth Circuit simply dismissed the District Court opinions in *Shoptalk* and *Jim Henson* with no reasoned analysis of those decisions. Instead, the court expressly adopted the holdings in *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517 (7th Cir. 1996), *cert. denied* 519 U.S. 1114 (1997) and *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 453 Supp. 852 (D.Me. 1978), *aff'd*, 597 F.2d 13 (1st Cir. 1979) in support of its conclusion that an unpublished screenplay protected by common-law copyright is published by the publication of a derivative motion picture. Both *Harris* and *Classic Film* are inapposite.

Harris is based on the 1976 Act, *not the 1909 Act*. "Our analysis is relevant only to cases, such as this one, which arise under the 1976 Act." *Harris*, 92 F.3d at 517. This is a critical distinction because the 1976 Act does not address divestiture of common-law copyrights by publication; it *abolished* common-law copyright and replaced it with a purely federal system. 17 U.S.C. §§ 102(a), 104(a). *Harris*

contains absolutely no analysis of the 1909 Act, and therefore cannot be considered persuasive authority as to whether, under the 1909 Act, publication of a derivative work publishes underlying original works.

Harris is also factually distinguishable from the instant case. *Harris* held that faulty publication of a brochure depicting, *inter alia*, an incomplete, abbreviated version of plaintiff's unpublished architectural plans in the same two-dimensional printed medium as the plans themselves, resulted in publication of the plans. Since nothing was added and the portions of the brochure containing the plans were virtually identical to the plans themselves, the publication of the brochure was in essence a publication of the underlying plans itself.

By contrast, the Screenplay and Motion Picture are works in entirely different media containing substantial differences due in large part to the addition of new audio and visual material. Section 26 of the 1909 Act defines the "date of publication" as "the earliest date when *copies* of the first authorized edition were placed on sale, sold, or publicly distributed." 17 U.S.C. § 26 (1909) (emphasis added). Under the 1909 Act, "publication could not occur unless the public had the opportunity to obtain physical possession of tangible copies of the work." *Nimmer*, § 4.04 at 4-22.1 n.28, § 4.07 at 4-42 (1997). Distribution of the Motion Picture certainly does not give the public the opportunity to obtain physical possession of tangible copies of the written Screenplay. Thus, distribution of the Motion Picture does not constitute "publication," as that term was used in the 1909 Act, of the underlying Screenplay.

Along these same lines, this Court has held that a musical roll made for a player piano is not a *copy* (for the purposes of the copyright laws) of the sheet music. *White-Smith Music Publishing Company v. Apollo Company*, 209 U.S. 1, 17 (1907).

> When the combination of musical sounds is reproduced to the ear it is the original tune as conceived by the author which is heard. These musical tones are not a copy which appeals to the eye. *In no sense can musical sounds which reach us through the sense of hearing be said to be copies [of a written work]*, as that term is generally understood and as we believe it was intended to be understood in the statutes under consideration.

Id. (emphasis added); *see Shoptalk*, 897 F.Supp. at 146-147 (rejecting argument that the screenplay and motion picture are so identical as to constitute the "same work" for purposes of publication under the 1909 Act.)

Other courts have more recently held that publication of a derivative work did not also publish an original work in a different media. This principle is perhaps best reflected in the treatment of architectural plans. While publication of abbreviated (two-dimensional) drawings derived from unpublished blueprints has been held to publish the underlying (also two-dimensional) blueprints, *see*, *Harris*, *supra*, construction of a (three-dimensional) building based upon written architectural plans does *not* publish the written plans. *Nucor*, 476 F.2d 386.

> An architectural plan is a technical writing . . . capable of being copied only by similar technical writings, that is, by other plans, etc. A structure is the result of plans, not a *copy* of them. It follows that building a structure and opening it to the public gaze cannot be a publication of its plans.

Id. at 391, n. 8, *quoting* Katz, "Copyright Protection of Architectural Plans, Drawings and Designs," 19 Law and Contemp. Prob 224, 236 (1954) (emphasis in original). *See also Creative House*, 944 F.2d at 1452 ("publishing two-

dimensional pictures does not constitute a divesting publication of three-dimensional objects."); *Jim Henson*, 867 F.Supp. at 186 (publication of derivative hand puppets neither published nor vitiated common-law copyright in underlying character designs); *Kamar Intern., Inc. v. Russ Berrie and Co.*, 657 F.2d 1059, 1062 (9th Cir. 1981) (two-dimensional catalogue pictures are not tangible copies of stuffed toys depicted therein and therefore did not publish the toys).

Likewise, the Motion Picture here is in no sense a "copy" of the Screenplay – one is a written work and the other is an artistic performance using both visual and verbal forms of communication. (*See* discussion, *supra*, at Section C.2.). Moreover, the Motion Picture by necessity interprets the Screenplay, adding emphasis in different parts of the story and nuances that may change the meaning of the words which make up the Screenplay. In fact, it stands to reason that if you gave the Screenplay to five (5) different film makers and asked them each to make a film, you almost certainly would see five very different films. A Screenplay is only one of many tools that are utilized in creating a motion picture.

The Ninth Circuit's suggestion that, if release of the Motion Picture did not *publish* the Screenplay, then GoodTimes' later distribution of the Motion Picture cannot *infringe* the Screenplay, is based upon a serious misunderstanding of the differences between publication and infringement. Infringement is a much broader concept than publication. While publication under the 1909 Act was limited to the distribution of tangible *copies* of a work, acts of infringement include not only "copying" as such, but violations of *any* of the exclusive rights of the copyright owner, including the exclusive right to prepare derivative works. *See* 17 U.S.C. §§ 106, 501 (1976). The Second Circuit recognized this in *Gilliam*:

> Since the copyright in the underlying script survives intact despite the incorporation of

> that work into a derivative work, one who uses the script, even with the permission of the proprietor of the derivative work, may infringe the underlying copyright.

Gilliam, 538 F.2d at 20.

Like *Harris*, *Classic Film* contains no analysis of Section 7 of the 1909 Act. In fact, *Classic Film* did not even address the issue involved in this appeal, and instead *assumed* that common-law copyright in the original work survived publication of the derivative work. *Classic Film*, 453 F.Supp. at 854. Furthermore, the rationale underlying its holding is now moot and irrelevant.

In *Classic Film*, a film distributor, sought a declaration that it was entitled to distribute copies of a public domain derivative work, the 1937 film "A Star is Born," on which the defendant's statutory copyright had expired. It was undisputed that the defendant retained "*valid common-law copyrights in the [underlying] story, screenplay and musical score from which the film was derived . . . and that no one not authorized by defendant [could] produce a [new] version of 'A Star is Born' based on these materials.*" *Id.* (emphasis added). Therefore, implicitly, it was undisputed that publication of the movie did *not* publish the Screenplay.

Consequently, the *Classic Film* court expressly declined to decide the issue presented in this case:

> [I]t is unnecessary to reach *the still unsettled question* of the public dedicatory effect, if any, of the distribution of a motion picture film on common-law copyrights in the materials on which the film is based . . . either is it necessary to reach the further question of the effect, if any, under § 7 of the Copyrights Act of 1947 . . . *of publication of a derivative work on an existing common-law copyright in the underlying work.*

Id. at 854, n.1. (emphasis added). *Classic Film* is thus unavailing because the issue in dispute in this case was conceded by the parties, and was not addressed by the Court in *Classic Film*.

Furthermore, *Classic Film* made undeniably clear that the *only* reason the common-law copyright in the screenplay would not prevent unauthorized dissemination of the motion picture was the *policy* concern that allowing the plaintiff to prevent use of a public domain film based solely on its common-law copyright in the Screenplay

> would permit the proprietor of the copyright in the underlying work to extend for an *indefinite time* his monopoly of those portions of the derivative work which are based on the underlying material. . . . To permit this result *would frustrate the whole concept of limited monopoly* in copyright.

Id. at 855-856 (emphasis added).

The policy concern expressed in *Classic Film* and by the Ninth Circuit below was remedied by Congress when it passed the 1976 Act, substituting limited-term statutory protection for all prior common-law copyrights. Prior to passage of the 1976 Act, U.S. copyright law *did* sanction perpetual protection of unpublished works. Under that system, "the owner of the common-law rights [could] disseminate the work publicly in every conceivable way except by publishing copies, and his rights continue[d] perpetually in spite of the constitutional policy of copyright for a limited time." Strauss, at 26. The concern expressed by the Ninth Circuit and the *Classic Film* court regarding this situation is hardly a new one. Numerous bills were submitted to Congress over the years in an effort to remedy this perceived problem. *See* Strauss at 20-25 (summarizing bills).

In passing the 1976 Act, Congress successfully remedied the problem by eliminating common-law copyright

protection altogether and substituting a limited term of statutory copyright for all works (including those previously protected by common-law copyright). By pointing to the specter of perpetual copyright to justify its decision, the Ninth Circuit has second-guessed Congress' reasoned response to the problems created by perpetual nature of common-law copyright. It is not for the courts to reach back in time and change the nature of copyright protection afforded to unpublished works under the prior "dual" system of copyright. *Quality King Distrib., Inc. v. L'Anza Research Intern., Inc.*, 523 U.S. 135, 118 S.Ct. 1125, 1134 (1998) ("whether or not we think it would be wise policy to provide statutory protection . . . is not a matter that is relevant to our duty to interpret the text of the Copyright Act.").

Accordingly, the rationale of *Classic Film* is no longer viable, and its holding is irrelevant to this case. *See Jim Henson*, *supra*, 867 F.Supp. at 186 n.13 ("the rationale of [*Classic Film*] – that allowing the assertion of the common-law copyright in circumstances like these would give the copyright owner an unlimited monopoly – is no longer applicable given that common-law copyrights are now temporally limited under the Copyright Act of 1976.").

In fact, the copyright in the underlying work in this case *cannot* extend in perpetuity, since it would have been converted to a statutory copyright of limited duration as of January 1, 1978. *See* 17 U.S.C. § 303. Thus, here, as in *Russell v. Price*, there is no conflict "with the limited monopoly policy rooted in the Copyrights Clause of the constitution and advanced in the congressional acts" which troubled the court in *Classic Film*. *Russell*, 612 F.2d at 1129.

The Ninth Circuit disagreed, stating that "[t]he District Court in *Classic Film* addressed the impact of the 1976 Act noting that even under the 1976 Act a common-law copyright would act to extend protection of the film beyond its statutory maximum." App., *infra*, A23. Not only is this a misreading

of *Classic Film*, it is simply not true. The *Classic Film* court merely noted in a footnote that, *in that case*, the common-law copyright for the story, screenplay and score at issue, would extend until the year 2037, 100 years from the creation of that work. *Classic Film*, 453 F.Supp. At 856, n. 4. That date *is* the applicable statutory maximum under the 1976 Act, not an "extension" of it.

In *this* case, if, as Batjac contends, the common-law copyright survived publication of the Motion Picture and was subsequently converted to a statutory copyright, the length of copyright protection for the Screenplay is actually *shorter* than it would have been had Batjac obtained a separate statutory copyright for the Screenplay. Had the Screenplay been separately registered in 1963 and renewed in 1991, its copyright could be used to prohibit use of the public domain Motion Picture until the year 2038.[12] In contrast, under Batjac's view at the time this case was filed, the Screenplay would be protected by a statutory copyright which expires in 2016 (fifty years after the death of the author in 1966). With the recent enactment of the Sonny Bono Copyright Term Extension Act, P.L. 105-298, on October 27, 1998, that statutory copyright would now extend seventy years after the death of the author, i.e. to the year 2036 – still two years before it would have expired had the Screenplay been separately registered back in 1963. For this reason, the concern of the Ninth Circuit that Batjac is somehow using "artifice to extend the term limits set forth in the Act for copyrighted works" is simply a red herring. *See* App., *infra*, A23.

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[12] Section 304(b) of the 1976 Act provides that copyrights in their renewal term as of January 1, 1978 would extend to 75 years from the date the statutory copyright was originally secured.

E. Deference To The Practice Of The Copyright Office Is Improper.

The Ninth Circuit justified its ruling, in part, on deference to the practices and the "effective functioning" of the Copyright Office. *Id.* at A15-A17, A21. This deference is improper both as a matter of law, and because in this case the practices of the Copyright Office are contrary to established copyright law and policy.

First, judicial deference to the Copyright Office's interpretation of § 7 is not appropriate in infringement actions such as this. Such deference is appropriate *only* in a direct Administrative Procedures Act suit against the Copyright Office – not in an infringement action where the Court is in as good a position as the Copyright Office to decide the issue. *Carol Barnhart, Inc. v. Economy Cover Corp.*, 773 F.2d 411, 414 (2d Cir. 1985); *OddzOn Products, Inc. v. Oman*, 924 F.2d 346, 350 n.6 (D.C.Cir. 1991) (Ginsburg, J.) (the court's independent determination of the issue of copyrightability is binding on the Copyright Office).

Second, the Register's practice with respect to the publication of screenplays is contrary to established law, and as such is not entitled to deference. The Register's official policy governing Copyright Practices under the 1909 Act provided that "publication of a movie version of an unpublished story does not constitute publication of the story as such." Compendium I, Compendium of Copyright Office Practices, § 3.1.1.IV(a)(2). The current rules and policies, which govern the Copyright Office practices under the 1976 Act, provide that:

> [w]here a preexisting unpublished screenplay is embodied in a motion picture, those elements of the screenplay disclosed in the motion picture are considered to be published at the same time the motion picture is published.

Compendium II, Compendium of Copyright Office Practices 910-04 (1984).

Neither this written policy, nor the "Register's policy to treat the publishing of the motion picture as a publication of the underlying screenplay," App., *infra*, A16, is entitled to deference because that policy is blatantly contrary to established law. Judicial deference to administrative policies that are contrary to established law as set forth by Congress and by the courts distorts the fundamental role of courts and the fundamental principle of separation of powers.

VII. CONCLUSION

For the reasons set forth above, a writ of certiorari should be granted to review the judgment of the Court of Appeals for the Ninth Circuit.

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